

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01651B  
Vail Water Company  
1010 N. Finance Center Dr., Ste 200  
Tucson, AZ 85710

RECEIVED

MAY 12 2007

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

3-16-07 RF

SCANNED

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>VAIL WATER COMPANY, INC.</u>		
<b>Mailing Address</b> <u>1010 N Finance Center Dr, Ste 200</u> (Street)		
<u>TUCSON</u> (City)	<u>AZ</u> (State)	<u>85710</u> (Zip)
<u>520-571-1958</u> Telephone No. (Include Area Code)	<u>520-571-1961</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		
<b>Local Office Mailing Address</b> <u>1010 N. FINANCE CENTER DRIVE</u> (Street)		
<u>TUCSON</u> (City)	<u>AZ</u> (State)	<u>85710</u> (Zip)
<u>520-571-1958</u> Local Office Telephone No. (Include Area Code)	<u>520-517-1961</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>CHRISTOPHER VOLPE</u> #200 (Name)		<u>Vice President/Treasurer</u> (Title)	
<u>1010 N. FINANCE CENTER DRIVE</u> (Street)	<u>TUCSON</u> (City)	<u>AZ</u> (State)	<u>85710</u> (Zip)
<u>520-571-1958</u> Telephone No (Include Area Code)	<u>520-571-1961</u> Fax No. (Include Area Code)	 Pager/Cell No (Include Area Code)	
<b>Email Address</b> <u>KVOLPE@ESTESCO.NET</u>			
<b>On Site Manager:</b> <u>manny Orai</u> (Name)			
<u>13955 E. COLOSSAL CAVE RD.</u> (Street)	<u>VAIL</u> (City)	<u>AZ</u> (State)	<u>85641</u> (Zip)
<u>520-647-3679</u> Telephone No (Include Area Code)	<u>520-647-3825</u> Fax No. (Include Area Code)	<u>520-730-4730</u> Pager/Cell No (Include Area Code)	
<b>Email Address</b> <u>operator @ vailwater . com</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent:</b> <u>LINDA YANEY</u>			
<u>1010 N. FINANCE CENTER DRIVE</u>	<u>TUCSON</u>	<u>AZ</u>	<u>85710</u>
(Street)	(City)	(State)	(Zip)
<u>520-571-1958</u>	<u>520-571-1961</u>		
Telephone No (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No (Include Area Code)	
Email Address <u>LYANEY@ESTESCO.NET</u>			
<b>Attorney:</b> <u>RICHARD SALLQUIST</u>			
(Name)			
<u>2525 E. ARIZONA BILTMORE CIRCLE SUITE 117</u>	<u>PHOENIX</u>	<u>AZ</u>	<u>85016</u>
(Street)	(City)	(State)	(Zip)
<u>602-224-9222</u>	<u>602-224-9366</u>		
Telephone No (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input checked="" type="checkbox"/> Subchapter S Corporation (Z)          |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |  |                                   |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE         | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM          | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA        | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI         | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |  |                                   |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			-
302	Franchises			-
303	Land and Land Rights	11,000		11,000
304	Structures and Improvements	176,995	55,845	121,150
307	Wells and Springs	1,126,979	258,382	868,597
311	Pumping Equipment	1,305,700	310,199	995,501
320	Water Treatment Equipment			-
330	Distribution Reservoirs and Standpipes	983,172	163,094	820,078
331	Transmissions and Distribution Mains	11,574,793	1,202,638	10,372,155
333	Services	12,451	12,451	-
334	Meters and Meter Installations	827,533	94,528	733,005
335	Hydrants			-
336	Backflow Prevention Devices	8,014	5,356	2,658
339	Other Plant and Misc. Equipment	6,553	6,553	-
340	Office Furniture and Equipment	42,370	16,677	25,693
341	Transportation Equipment	51,857	29,798	22,059
343	Tools, Shop and Garage Equipment			-
344	Laboratory Equipment			-
345	Power Operated Equipment			-
346	Communication Equipment			-
347	Miscellaneous Equipment			-
348	Other Tangible Plant			-
	<b>TOTALS</b>	16,127,417	2,155,521	13,971,896

This amount goes on the Balance Sheet Acct. No. 108



COMPANY NAME	Vail Water Company	2006
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### CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1 x 2)
301	Organization			
302	Franchises			
303	Land and Land Rights	11,000		-
304	Structures and Improvements	176,995	2.80%	4,956
307	Wells and Springs	1,126,979	3.20%	36,063
311	Pumping Equipment	1,305,700	3.60%	47,005
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	983,172	2.00%	19,663
331	Transmissions and Distribution Mains	11,574,793	2.00%	231,496
333	Services	12,451	3.30%	-
334	Meters and Meter Installations	827,533	3.60%	29,791
335	Hydrants			
336	Backflow Prevention Devices	8,014	3.60%	289
339	Other Plant and Misc. Equipment	6,553	3.60%	-
340	Office Furniture and Equipment	42,370	6.80%	2,881
341	Transportation Equipment	51,857	13.30%	6,897
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	16,127,417		379,042

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

### BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 673,698	\$ 365,734
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	172,315	174,394
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	10,798	13,329
174	Miscellaneous Current and Accrued Assets	85,031	76,791
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 941,842</b>	<b>\$ 630,248</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 14,574,179	\$ 16,127,417
103	Property Held for Future Use		
105	Construction Work in Progress	18,615	514,662
108	Accumulated Depreciation - Utility Plant	(1,798,274)	(2,155,521)
121	Non-Utility Property	2,872,915	2,701,165
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 15,667,435</b>	<b>\$ 17,187,723</b>
	<b>TOTAL ASSETS</b>	<b>\$ 16,609,277</b>	<b>\$ 17,817,971</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

### BALANCE SHEET (CONTINUED)

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 132,711	\$ 184,204
232	Notes Payable (Current Portion)	36,000	
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	1,024,428	1,047,503
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	427,235	
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 1,620,374</b>	<b>\$ 1,231,707</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 419,449	\$ -
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	10,214,943	11,556,249
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 10,214,943</b>	<b>\$ 11,556,249</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 12,254,766</b>	<b>\$ 12,787,956</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 638,099	\$ 638,099
211	Paid in Capital in Excess of Par Value	2,445,314	2,445,314
215	Retained Earnings	1,271,098	1,946,602
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$ 4,354,511</b>	<b>\$ 5,030,015</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 16,609,277</b>	<b>\$ 17,817,971</b>

COMPANY NAME	Vail Water Company	2006
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## COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.		PRIOR YEAR	CURRENT YEAR
	<b>OPERATING REVENUES</b>		
461	Metered Water Revenue	\$ 1,565,687	\$ 1,922,228
460	Unmetered Water Revenue		
474	Other Water Revenues	1,147,771	977,433
	<b>TOTAL REVENUES</b>	\$ 2,713,458	\$ 2,899,661
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 243,762	\$ 263,390
610	Purchased Water	11,004	
615	Purchased Power	133,443	167,810
618	Chemicals	355	2,242
620	Repairs and Maintenance	82,673	70,309
621	Office Supplies and Expense	59,637	64,523
630	Outside Services	396,110	385,820
635	Water Testing	9,324	12,739
641	Rents	24,826	36,233
650	Transportation Expenses	19,783	22,020
657	Insurance - General Liability	33,357	40,858
659	Insurance - Health and Life	32,061	30,953
666	Regulatory Commission Expense - Rate Case	18,781	100,406
675	Miscellaneous Expense	166,753	128,776
403	Depreciation Expense	346,337	379,042
408	Taxes Other Than Income		
408.11	Property Taxes	118,651	97,859
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 1,696,857	\$ 1,802,980
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$ 57,673	\$ 128,544
421	Non-Utility Income	60,771	161,207
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(20,795)	(10,928)
	<b>TOTAL OTHER INCOME/EXPENSE</b>	\$ 97,649	\$ 278,823
	<b>NET INCOME/(LOSS)</b>	\$ 1,114,250	\$ 1,375,504



COMPANY NAME	Vail Water Company	2006
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SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principal				

Meter Deposit Balance at Test Year End      \$    1,047,503

Meter Deposits Refunded During the Test Year      \$    159,000

COMPANY NAME	Vail Water Company	2006
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## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-625703	100	600	614	12	8	1974
55-087817	200	700	759	14	8	1981
55-087816	300	1200	845	14	10	1981
55-087814	300	975	924	14	8	1981

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10	3	369	
20	5		
25	4		
30	7		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
550,000	1	1000	1
100,000	2	3000	1
500,000	1	5000	9
600,000	1		
290,000	1		

### WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		4,555.2
3		
4		53,137.8
5		
6		148,013
8		148,036
10		16,309.9
12		108,271

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	3,298
3/4	74
1	21
1 1/2	14
2	33
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	1
Turbo 6	

**For the following three items, list the utility owned assets in each category.**

TREATMENT EQUIPMENT:

Accu-tab tablet chlorination  
system with a .2 residual of calcium  
Hypochloride

STRUCTURES:

N/A

OTHER:

N/A

COMPANY NAME	Vail Water Company	2006
Name of System	ADEQ Public Water System Number (if applicable)	10041

### WATER USE DATA SHEET BY MONTH FOR CALENDER YEAR 2006

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	3,219	21,540	24,179	0
FEBRUARY	3,211	22,105	24,764	0
MARCH	3,292	25,656	28,777	0
APRIL	3,313	25,274	25,980	0
MAY	3,312	30,355	33,727	0
JUNE	3,371	31,622	34,918	0
JULY	3,407	30,828	25,223	0
AUGUST	3,431	25,467	28,802	0
SEPTEMBER	3,418	29,433	32,449	0
OCTOBER	3,422	27,175	28,811	0
NOVEMBER	3,424	26,996	27,027	0
DECEMBER	3,425	26,185	29,608	0
TOTALS --->		322,636	344,263	0

**What is the level of arsenic for each well in your system.**

*(If more than one well, please list each separately)*

n/a	Well 1 mg/l
n/a	Well 2
0.004	Well 3
0.002	Well 5
0.002	Well 6
0.004	Well 8

**If system has fire hydrants, what is the fire flow requirement?**      1,000 GPM for 2 hrs

**If system has chlorination treatment, does this treatment system chlorinate continuously?**

( ☒ ) Yes                                      (    ) No

**Is the Water Utility located in an ADWR Active Management Area (AMA)?**

( ☒ ) Yes                                      (    ) No

**Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?**

( ☒ ) Yes                                      (    ) No

**If yes, provide the GPCPD amount:**                      122pppd

**Note: If you are filing for more than one system, please provide separate data sheets for each system.**

Company Name VAIL WATER COMPANY, INC. YEAR ENDING 12/31/06

PROPERTY TAXES

Amount of actual property taxes paid during Calender Year 2006 was \$ 96,093

Attach to this annual report proof (e.g. property tax bills stamped "paid n full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calender year.

If no property taxes paid, explain reasons below:

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# PIMA COUNTY TREASURER'S OFFICE

## TAX PAYMENT RECEIPT

Paid Date 11/09/2006

Batch Number I061109026

Paid by Code 01

VAIL WATER COMPANY  
1010 N. FINANCE CENTER DR., STE 200  
TUCSON, AZ 85710

Method Amount  
CK \$52,804.61

Total Amount Paid \$52,804.61

Total Tax Amount Paid \$52,804.61

Total Interest Amount Paid \$0.00

Total Refund Due \$0.00

PARCEL NUMBER	TAX PAID	INTEREST PAID	TOTAL PAID	PAYMENT TYPE	LEGAL DESCRIPTION
30504001W	\$12.56	\$0.00	\$12.56	FIRST HALF	CTRL PTN S2 NE4 .20 AC SEC 10-16-16
30504001V	\$12.84	\$0.00	\$12.84	FIRST HALF	CTRL PTN W2 NW4 .28 AC SEC 10-16-16 (11536/1623)
30504001L	\$546.98	\$0.00	\$546.98	FIRST HALF	PT OF SW4 SE4 LYG N OF & ADJ TO COLOSSAL CAVE RD .50 AC SEC 10-16-16 (WELLSITE)
30506004D	\$12.84	\$0.00	\$12.84	FIRST HALF	N CTRL PTN S2 SE4 .15 AC SEC 4-16-16
30508001D	\$12.84	\$0.00	\$12.84	FIRST HALF	S80' N131.31' W80' E1147.41' NE4 .15 AC SEC 8-16-16
305110280	\$21.74	\$0.00	\$21.74	FIRST HALF	WELLSITE BNG W116.16' OF E1230.76' OF S125' OF SE4 SE4 .33 AC SEC 14-16-16 (ACC 0053195-8) TOTAL VALUE OF OPERATING PROPERTY - TAXPAYER GROUP NO 075
30512008B	\$16.50	\$0.00	\$16.50	FIRST	SUCCESS 100' X 100' WELLSITE

				HALF	BLK 1 TOTAL VALUE OF OPERATING PROPERTY - TAXPAYER GROUP NO 075 (ACC 0053195-8)
305140110	\$16.50	\$0.00	\$16.50	FIRST HALF	TUCSON PARK NO 1 WELLSITE ADJ TO NW LINE LOT 2 TOTAL VALUE OF OPERATING PROPERTY-TAXPAYER GROUP NO 075 (ACC 0053195-8)
30520001C	\$68.68	\$0.00	\$68.68	FIRST HALF	RINCON VIEW ESTATES S125' N140' LOT 1
305392090	\$49.10	\$0.00	\$49.10	FIRST HALF	N100' OF W100' OF E2367' OF NE4 .23 AC SEC 10-17-16 (FORMERLY 305-39-030K) TOTAL VALUE OF OPERATING PROPERTY-GROUP 075 (ACC 0053195-8) (FORMERLY 305-39- 0550)
305900930	\$19.74	\$0.00	\$19.74	FIRST HALF	VAIL RANCH LOT 0061
907520000	\$52,001.45	\$0.00	\$52,001.45	FIRST HALF	TOTAL VALUE OF OPERATING PROPERTY - TAXPAYER GROUP NO 075 (ACC 0053195-8)
305046280	\$12.84	\$0.00	\$12.84	FIRST HALF	RANCHO DEL LAGO BOOSTER SITE

## PIMA COUNTY TREASURER'S OFFICE

## TAX PAYMENT RECEIPT

Paid Date 04/24/2006

Batch Number I060424068

Paid by Code 01

VAIL WATER COMPANY  
1010 N FINANCE CENTER DRIVE, #200  
TUCSON, AZ 85710

*File w/ck  
copy*

Method Amount

CK \$43,288.30

Total Amount Paid \$43,288.30

Total Tax Amount Paid \$43,288.30

Total Interest Amount Paid \$0.00

Total Refund Due \$0.00

PARCEL NUMBER	TAX PAID	INTEREST PAID	TOTAL PAID	PAYMENT TYPE	LEGAL DESCRIPTION
30504001L	\$541.30	\$0.00	\$541.30	SECOND HALF	IRR PCL SW4 SE4 LYG N OF & ADJ TO COLOSSAL CAVE RD (WELLSITE) .50 AC SEC 10-16-16 (RD 8396/840)
30520001C	\$61.64	\$0.00	\$61.64	SECOND HALF	RINCON VIEW ESTATES S125' N140' LOT 1
907520000	\$42,685.36	\$0.00	\$42,685.36	SECOND HALF	TOTAL VALUE OF OPERATING PROPERTY - TAXPAYER GROUP NO 075 (ACC 0053195-8)



**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**RECEIVED**

MAR 12 2007

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	Pima
NAME (OWNER OR OFFICIAL) TITLE	
CHRISTOPHER T VOLPE, VICE President	
COMPANY NAME	
VALE WATER COMPANY	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING


MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

520-571-1958 X105

TELEPHONE NUMBER

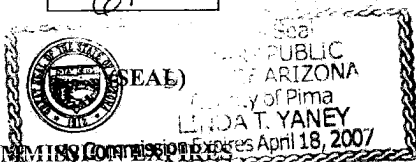
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

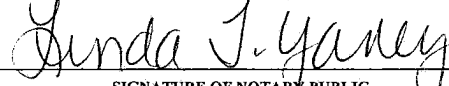
THIS

6th

DAY OF



COUNTY NAME	Pima
MONTH	March 2007



SIGNATURE OF NOTARY PUBLIC

Company Name VAIL WATER COMPANY, INC. YEAR ENDING 12/31/06

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$0</u>
Estimated or Actual Federal Tax Liability	<u>\$0</u>

State Taxable Income Reported	<u>\$0</u>
Estimated or Actual State Tax Liability	<u>\$0</u>

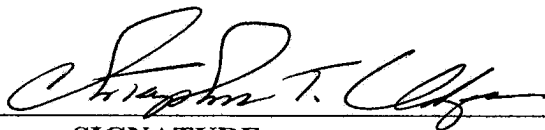
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>N/A</u>
Amount of Gross-Up Tax Collected	<u>N/A</u>
Total Grossed-Up Contributions/Advances	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



**SIGNATURE**

3/4/07

**DATE**

Christopher T. Volpe

**PRINTED NAME**

Vice President

**TITLE**

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

MAR 12 2007

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>CHRISTOPHER T VOLPE, VICE President</u>
COMPANY NAME	<u>VAIL WATER COMPANY</u>

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:


Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 3,000,792

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 121,131

IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST  
INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

  
SIGNATURE OF OWNER OR OFFICIAL  
520-571-1958  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

Linda T. Yaney

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

6th

DAY OF

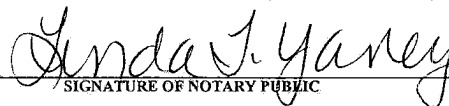
COUNTY NAME	<u>Pima</u>	
MONTH	<u>March</u>	<u>2007</u>

(SEAL)

MY COMMISSION EXPIRES



Official Seal  
NOTARY PUBLIC  
STATE OF ARIZONA  
County of Pima  
LINDA T. YANEY  
My Commission Expires April 18, 2007

  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

**RECEIVED**

MAR 12 2007

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <u>Pima</u>	
NAME (OWNER OR OFFICIAL) <u>CHRISTOPHER T VOLPE</u>	TITLE <u>Vice President</u>
COMPANY NAME <u>VAIL WATER company</u>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

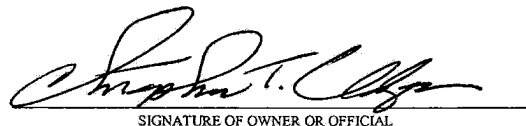
ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 1,601,822

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 93,636  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
SIGNATURE OF OWNER OR OFFICIAL

520-571-1958  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

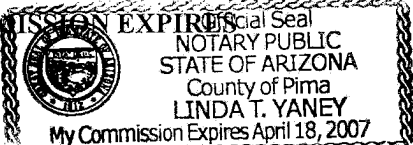
**THIS**

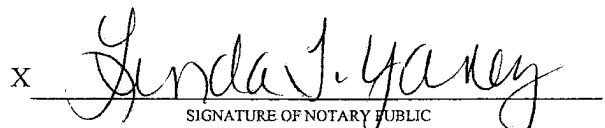
6th

**DAY OF**

NOTARY PUBLIC NAME <u>Linda T. Yaney</u>	
COUNTY NAME <u>Pima</u>	
MONTH <u>march</u>	YEAR <u>2007</u>

**(SEAL)**

MY COMMISSION EXPIRES  
  
NOTARY PUBLIC  
STATE OF ARIZONA  
County of Pima  
LINDA T. YANEY  
My Commission Expires April 18, 2007

X   
SIGNATURE OF NOTARY PUBLIC